



Amy G. Rabinowitz
Counsel

December 19, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 03-123

Dear Secretary Cottrell:

Massachusetts Electric Company and Nantucket Electric Company (collectively "Mass. Electric") hereby withdraw the request to maintain the currently approved Standard Offer Service Fuel Adjustment ("SOSFA") of \$0.01424 per kilowatt-hour in effect for the remainder of the period of Standard Offer Service or through February 2005, and instead propose to implement a SOSFA of \$0.01223 per kilowatt-hour, consistent with the Department's directives in Standard Offer Fuel Adjustments, D.T.E. 00-66, 00-67, and 00-70 (2000), and a Standard Offer Adjustment Factor of up to \$0.00479 per kilowatt-hour, effective January 1, 2004.

As shown in the response to Information Request DTE 1-4, submitted December 17, 2003, Mass. Electric's most recent estimate of the Standard Offer Service deferral balance at the end of 2004 with a SOSFA of \$0.01223 per kilowatt-hour in place is approximately \$62 million. Therefore, in conjunction with Mass. Electric's proposal to implement the SOSFA at this level, Mass. Electric will be requesting Department approval to set the Standard Offer Adjustment Factor at \$0.00479 per kilowatt-hour in the 2004 rate reconciliation docket, D.T.E. 03-126, which would produce an estimated under recovery of approximately \$3 million at the end of 2004.

Mass. Electric is now proposing to use the method previously approved by the Department for calculating the SOSFA in response to various comments filed in this docket regarding Mass. Electric's proposal. In addition, recent increases in energy prices, particularly natural gas, have pushed wholesale electricity prices higher. It now appears that the gap between the Standard Offer Service rates and wholesale electricity prices has narrowed or disappeared, reducing the opportunity for customer savings that was originally envisioned when Mass. Electric first made its *Now is the Time to Choose* filing.

Attachment 1 provides various data related to Mass. Electric's SOSFA values. Page 1 provides the calculation of the proposed SOSFA of \$0.01223 per kWh. When combined with a base Standard Offer Service rate of \$0.051, this results in an effective Standard Offer Service rate, before application of the Standard Offer Adjustment Factor,

25 Research Drive
Westborough, MA 01582-0099
508.389.2975 Fax: 508.389.2463
amy.rabinowitz@us.ngrid.com

Mary L. Cottrell, Secretary

December 19, 2003

Page 2 of 2

of \$0.06323 per kilowatt-hour. When taken with Mass. Electric's anticipated Standard Offer Adjustment Factor of \$0.00479 per kilowatt-hour, the retail price for Standard Offer Service would be \$0.06802 per kilowatt-hour. Pages 2 through 4 provide the supporting calculations as well as market prices for fuel oil and natural gas over the period January 2002 through November 2003.

Attachment 2 provides the current balance of Mass. Electric's Standard Offer Service deferral through September 2003, along with an estimate of Mass. Electric's Standard Offer Service deferral through December 31, 2004 based on the revised SOSFA requested in this filing and the anticipated Standard Offer Adjustment Factor. Mass. Electric will continue to monitor its actual fuel index payments and its Standard Offer Service deferral balance following implementation of the proposed SOSFA, and will notify the Department if Mass. Electric believes that it should revise the SOSFA amount.

Mass. Electric will be supplementing its filing in D.T.E. 03-126 to reflect the changes described in this letter, and will provide proposed bill impacts and tariff cover sheets reflecting all of these proposed rate changes in that docket.

Mass. Electric is providing copies of this filing to all parties who filed comments in this docket as well as in D.T.E. 03-126.

Thank you very much for your time and attention to this filing.

Very truly yours,

Handwritten signature of Amy G. Rabinowitz in black ink.

Amy G. Rabinowitz

Attachment 1

**Massachusetts Electric and Nantucket Electric
Approved SOSFA Surcharge
(effective January 1, 2004)**

(1) Adjustment Value	1.23982
(2) 2004 Stipulated Price (¢/kWh)	5.100
(3) Total Standard Offer Rate (¢/kWh)	6.323
(4) 2004 Stipulated Price (¢/kWh)	5.100
(5) SOSFA Surcharge (¢/kWh)	1.223

Notes:

- (1) November 2003 Fuel Adjustment Value (page 2., Col. F - Determination of Fuel Adjustment Value)
- (2) From SOSFA provisions in settlement agreement and supply contracts
- (3) Total Standard Offer Rate = Line (1) * Line (2), truncated to 3 decimal places
- (5) SOSFA Surcharge = Line (3) - Line (4)

Massachusetts Electric and Nantucket Electric**DETERMINATION OF FUEL ADJUSTMENT VALUE AND SOSFA SURCHARGE**

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
SOS Delivery Month	NGrid's Market Gas Price	NGrid's Market Oil Price	NGrid's Fuel Value	NGrid's Fuel Trigger	NGrid's Adjustment Value	2004 Stipulated Price	Standard Offer Rate	SOSFA Surcharge
Jan-02	\$3.8002	\$3.1422	\$6.9424	\$7.74	1.00000	5.10	5.100	0.000
Feb-02	\$3.3872	\$3.0297	\$6.4169	\$7.74	1.00000	5.10	5.100	0.000
Mar-02	\$3.1614	\$2.9784	\$6.1398	\$7.74	1.00000	5.10	5.100	0.000
Apr-02	\$2.9928	\$2.9703	\$5.9631	\$7.74	1.00000	5.10	5.100	0.000
May-02	\$2.8548	\$2.9724	\$5.8273	\$7.74	1.00000	5.10	5.100	0.000
Jun-02	\$2.8071	\$3.0028	\$5.8099	\$7.74	1.00000	5.10	5.100	0.000
Jul-02	\$2.8108	\$3.0449	\$5.8557	\$7.74	1.00000	5.10	5.100	0.000
Aug-02	\$2.7898	\$3.1128	\$5.9025	\$7.74	1.00000	5.10	5.100	0.000
Sep-02	\$2.8768	\$3.1908	\$6.0676	\$7.74	1.00000	5.10	5.100	0.000
Oct-02	\$3.0228	\$3.3022	\$6.3251	\$7.74	1.00000	5.10	5.100	0.000
Nov-02	\$3.1103	\$3.4052	\$6.5155	\$7.74	1.00000	5.10	5.100	0.000
Dec-02	\$3.2504	\$3.5392	\$6.7896	\$7.74	1.00000	5.10	5.100	0.000
Jan-03	\$3.4375	\$3.7437	\$7.1812	\$7.74	1.00000	5.10	5.100	0.000
Feb-03	\$3.7305	\$4.0107	\$7.7412	\$7.74	1.00015	5.10	5.101	0.001
Mar-03	\$4.3056	\$4.1730	\$8.4786	\$7.74	1.08814	5.10	5.549	0.449
Apr-03	\$4.4463	\$4.1958	\$8.6421	\$7.74	1.10765	5.10	5.649	0.549
May-03	\$4.6154	\$4.2112	\$8.8266	\$7.74	1.12967	5.10	5.761	0.661
Jun-03	\$4.8354	\$4.2441	\$9.0794	\$7.74	1.15983	5.10	5.915	0.815
Jul-03	\$5.0184	\$4.3101	\$9.3285	\$7.74	1.18956	5.10	6.067	0.967
Aug-03	\$5.1652	\$4.3412	\$9.5063	\$7.74	1.21078	5.10	6.175	1.075
Sep-03	\$5.2946	\$4.3261	\$9.6207	\$7.74	1.22443	5.10	6.245	1.145
Oct-03	\$5.3679	\$4.3199	\$9.6877	\$7.74	1.23243	5.10	6.285	1.185
Nov-03	\$5.3992	\$4.3505	\$9.7497	\$7.74	1.23982	5.10	6.323	1.223

Notes:

Col. A - month in which SOS was delivered at wholesale

Col. B - Average of the values of Gas Index for the most recent 12 months. (page 3., Col. G - Determination of Market Gas Price)

Col. C - Average of the values of Oil Index for the most recent 12 months. (page 4., Col. LL - Determination of Market Oil Price)

Col. D - Col. B + Col. C

Col. E - Calendar Year 2004 values from the Standard Offer Supply Contracts. Actual value for Calendar Year 2003 was 7.01.

Col. F - $\text{if}(\text{Col. D} > \text{Col. E}, (\text{Col. B} + \$0.60 + \text{Col. C} + \$0.04) / (\text{Col. E} + \$0.64), 1.000)$

Col. G - Calendar Year 2003 rates from SOSFA provisions in settlement agreement and supply contracts. Actual value for Calendar Year 2002 was 4.20.

Col. H - Col. F * Col. G, rounded to 3 decimal places

Col. I - Col. H - Col. G

Massachusetts Electric and Nantucket Electric**DETERMINATION OF MARKET GAS PRICE**

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
Contract Month	Last Month of Trading	Settlement Prices (\$/mmBtu)			Gas Index	NGrid's Market Gas Price	EUA's Market Gas Price	SOS Delivery Month
		3rd Last	2nd Last	Last				
Jan-02	Dec-01	\$2.895	\$2.911	\$2.555	\$2.787	\$3.800	\$2.740	Jan-02
Feb-02	Jan-02	\$2.037	\$1.908	\$2.006	\$1.984	\$3.387	\$2.647	Feb-02
Mar-02	Feb-02	\$2.449	\$2.307	\$2.388	\$2.381	\$3.161	\$2.446	Mar-02
Apr-02	Mar-02	\$3.326	\$3.457	\$3.472	\$3.418	\$2.993	\$2.440	Apr-02
May-02	Apr-02	\$3.419	\$3.295	\$3.270	\$3.328	\$2.855	\$2.695	May-02
Jun-02	May-02	\$3.347	\$3.280	\$3.420	\$3.349	\$2.807	\$2.740	Jun-02
Jul-02	Jun-02	\$3.430	\$3.449	\$3.278	\$3.386	\$2.811	\$2.875	Jul-02
Aug-02	Jul-02	\$2.902	\$2.936	\$2.976	\$2.938	\$2.790	\$2.974	Aug-02
Sep-02	Aug-02	\$3.617	\$3.483	\$3.288	\$3.463	\$2.877	\$3.133	Sep-02
Oct-02	Sep-02	\$3.742	\$3.494	\$3.686	\$3.641	\$3.023	\$3.314	Oct-02
Nov-02	Oct-02	\$4.028	\$4.176	\$4.126	\$4.110	\$3.110	\$3.351	Nov-02
Dec-02	Nov-02	\$4.260	\$4.261	\$4.140	\$4.220	\$3.250	\$3.481	Dec-02
Jan-03	Dec-02	\$5.146	\$4.962	\$4.988	\$5.032	\$3.437	\$3.626	Jan-03
Feb-03	Jan-03	\$5.396	\$5.444	\$5.660	\$5.500	\$3.731	\$3.901	Feb-03
Mar-03	Feb-03	\$9.137	\$9.577	\$9.133	\$9.282	\$4.306	\$4.328	Mar-03
Apr-03	Mar-03	\$5.077	\$5.097	\$5.146	\$5.107	\$4.446	\$5.298	Apr-03
May-03	Apr-03	\$5.474	\$5.477	\$5.123	\$5.358	\$4.615	\$5.542	May-03
Jun-03	May-03	\$6.119	\$5.900	\$5.945	\$5.988	\$4.835	\$5.750	Jun-03
Jul-03	Jun-03	\$5.697	\$5.757	\$5.291	\$5.582	\$5.018	\$6.045	Jul-03
Aug-03	Jul-03	\$4.706	\$4.700	\$4.693	\$4.700	\$5.165	\$6.136	Aug-03
Sep-03	Aug-03	\$5.083	\$5.038	\$4.927	\$5.016	\$5.295	\$6.003	Sep-03
Oct-03	Sep-03	\$4.588	\$4.542	\$4.430	\$4.520	\$5.368	\$5.292	Oct-03
Nov-03	Oct-03	\$4.512	\$4.486	\$4.459	\$4.486	\$5.399	\$5.194	Nov-03

Notes:

Col. A - Contract refers to the NYMEX Natural Gas Futures Contract, as approved by the CFTC, for the purchase and sale of natural gas at Henry Hub.

Col. B - Month that trading for the Contract ends (the month before the delivery month)

Col. C - Settlement price for the third last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-03)

Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-03)

Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-03)

Col. F - Average value of Col. C, Col. D and Col. E (=AVERAGE(Col. C.,Col. E))

Col. G - Average of the most recent twelve months of values in Col. F (including current SOS delivery month)

Col. H - Average of the most recent six months of values in Col. F (ending month prior to SOS delivery month)

Col. I - month in which SOS was delivered at wholesale.

Massachusetts Electric and Nantucket Electric

DETERMINATION OF MARKET OIL PRICE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)	(Col. J)	(Col. K)	(Col. L)	(Col. M)	(Col. N)	(Col. O)	(Col. P)	(Col. Q)	(Col. R)	(Col. S)	(Col. T)	(Col. U)	(Col. V)	(Col. W)	(Col. X)	(Col. Y)	(Col. Z)	(Col. AA)	(Col. BB)	(Col. CC)	(Col. DD)	(Col. EE)	(Col. FF)	(Col. GG)	(Col. HH)	(Col. II)	(Col. JJ)	(Col. KK)	(Col. LL)	(Col. MM)		
Daily low quotation, cargo delivery, 1.0%S, No. 6, residual fuel oil, NY Harbor (\$/barrel)																																								
SOS Delivery Month	Trading Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Sum of Values	# of Values	Conversion Factor	Oil Index (\$/mmBtu)	NGrid's Market Oil Price	EU's Market Oil Price		
Jan-02	Jan-02		17.30	16.85	17.25		17.30	17.00	16.50	16.50	16.10			15.65	15.75	15.75	15.65	15.65		14.25	14.50	14.50	14.60	15.90	15.60	15.15			15.05	14.85	14.40	14.40	334.25	21	6.3	2.53	3.14	2.89		
Feb-02	Feb-02	14.60		14.70	14.45	13.90	14.00	14.25			14.65	14.25	14.90	14.75	14.50				19.15	19.50	19.65	20.40	21.00	21.00	21.15	21.75	22.15					278.85	19	6.3	2.33	3.03	2.81			
Mar-02	Mar-02	16.75		16.95	17.45	17.85	18.25	18.25			18.65	18.85	18.90	18.90																		385.45	20	6.3	3.06	2.98	2.66			
Apr-02	Apr-02	22.75	23.75	23.80	22.90	22.90			23.20	23.20	22.40	21.25	20.10			20.70	21.15	21.75	21.75	21.80			21.75	21.65	21.50	21.45	21.35			22.00	22.00	485.10	22	6.3	3.50	2.97	2.64			
May-02	May-02	22.05	21.95	22.25			22.50	23.20	23.90	23.50	23.65			24.60	25.35	24.30	23.80	23.70			23.65	23.00	22.90	22.90				22.50	22.55	22.35	22.75	510.35	22	6.3	3.68	2.97	2.76			
Jun-02	Jun-02			22.70	22.90	22.90	22.30				22.40	22.15	22.35	23.00	23.40			23.30	22.50	22.35	22.25	21.65		22.50	22.50	22.50	22.50	22.40				450.85	20	6.3	3.58	3.00	2.95			
Jul-02	Jul-02	22.35	22.05	21.75				21.05	21.40	21.15	21.60	21.85				22.00	22.40					22.60	22.60	22.60	22.95	22.95			23.00	23.50	24.00	470.10	21	6.3	3.55	3.04	3.11			
Aug-02	Aug-02	24.60	24.75		24.75	25.00	24.90	24.90	25.00			25.00	25.40	25.35	25.35	25.40			25.65	25.85	25.85	25.75	25.65		27.40	27.70	27.25	27.05	27.40	25.75	25.35	25.35	24.50	24.85	554.95	22	6.3	4.00	3.11	3.28
Sep-02	Sep-02		23.25	23.50	23.75	24.00			24.25	24.60	25.75	26.00	26.50			26.50	25.80	26.10	26.25	26.35			27.40	27.70	27.25	27.05	27.40					517.00	20	6.3	4.10	3.19	3.56			
Oct-02	Oct-02	27.90	27.80	27.40	27.20		26.90	26.50	26.25	25.55	25.55			26.00	26.80	26.80	27.00					26.50	25.90	25.75	26.25	25.30			24.90	24.60	24.75	25.00	603.40	23	6.3	4.16	3.30	3.74		
Nov-02	Nov-02	24.50		24.40	24.00	23.25	23.25	23.10			23.85	23.65	22.60	22.65	22.50			23.25	23.20	23.75	24.35	24.50			24.25	24.40	24.65					450.10	19	6.3	3.76	3.41	3.85			
Dec-02	Dec-02		24.40	24.40	24.20	24.40	24.35		24.35	24.50	24.65	25.65	25.95			27.25	27.25	27.60	28.20	28.10			28.80	28.95					28.10	28.05	556.95	21	6.3	4.21	3.54	3.86				
Jan-03	Jan-03		28.55	29.00		28.90	28.30	27.95	28.75	29.25				30.00	30.75	31.75	32.25	32.15				32.15	32.25	32.10	32.75			33.00	33.35	34.50	35.75	658.95	21	6.3	4.98	3.74	3.97			
Feb-03	Feb-03		33.85	33.00	32.90	32.60	33.15		33.15	33.50	33.25	33.00	33.00					33.25	34.50	34.50	34.75			35.75	37.50	38.25	41.25	41.25				662.40	19	6.3	5.53	4.01	4.20			
Mar-03	Mar-03		40.75	41.00	41.25	43.50	42.70		40.75	38.75	36.00	33.75	30.75			29.75	26.00	25.00	24.75	23.50			24.00	23.00	23.15	24.50	24.50			25.00		662.35	21	6.3	5.01	4.17	4.46			
Apr-03	Apr-03	23.85	23.00	23.00	23.00		22.75	23.00	23.25	22.90	23.25			23.25	24.00	24.50	25.00					25.35	25.10	24.60	24.50	24.10			23.90	23.50	23.50	499.30	21	6.3	3.77	4.20	4.61			
May-03	May-03	23.65	23.65		24.40	24.40	24.40	24.65	24.75			24.75	25.20	25.60	25.35	25.35					25.00	24.85	24.15	23.40	23.50			24.00	23.10	23.45	23.90	511.50	21	6.3	3.87	4.21	4.54			
Jun-03	Jun-03		24.20	24.50	24.20	24.50	24.15		24.75	25.15	25.15	23.60	23.00			23.75	24.10	24.25	24.40	25.75			25.75	25.85	26.75	26.85	27.15			27.80		525.60	21	6.3	3.97	4.24	4.56			
Jul-03	Jul-03	27.80	28.25	28.50			28.10	27.90	28.10	28.35	28.90			28.50	28.50	27.50	27.25	27.35				27.35	26.20	26.20	25.90	25.90			26.25	26.35	26.60	26.60	602.35	22	6.3	4.35	4.31	4.52		
Aug-03	Aug-03	26.60		26.75	27.00	27.35	27.85	28.10			28.00	27.75	27.10	27.10	27.75			27.40	27.35	27.25	27.80	27.90		27.90	27.90			28.00	28.00	28.00		579.05	21	6.3	4.38	4.34	4.42			
Sep-03	Sep-03		27.50	27.00	26.35	25.25		25.25	25.20	25.25	24.85	24.75			24.20	23.90	23.90	23.60				23.65	23.85	24.35	24.20	23.90			23.90	24.20		518.95	21	6.3	3.92	4.33	4.22			
Oct-03	Oct-03	24.20	24.50	25.45			25.50	25.50	25.50	26.00	27.00			27.35	27.35	27.20	26.85	25.75				25.50	25.50	25.70	25.65			25.65	25.60	25.25	24.70	25.30	592.50	23	6.3	4.09	4.32	4.04		
Nov-03	Nov-03			25.30	25.30	26.25	26.20	26.45			26.65	26.90	26.70	26.60	26.70			26.15	26.50	26.10	25.45	25.65			24.85	25.10	25.25					468.10	18	6.3	4.13	4.35	4.10			

Notes:
 Col. A - month in which SOS was delivered at wholesale.
 Col. B - month in which oil prices were quoted and delivered.
 Col. C - Col. GG - daily prices as quoted by Platt's MarketScan.
 Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Nov-03)
 Col. II - number of non-zero values in Col. C through Col. GG.
 Col. JJ - a fixed factor of 6.3 mmBtu per bbl.
 Col. KK - Col. HH divided by (Col. II x Col. JJ) (Jan-99 - Nov-03)
 Col. LL - Average of the most recent twelve months of values in Col. KK (including current SOS delivery month)
 Col. MM - Average of the most recent six months of values in Col. KK (ending month prior to SOS delivery month)

Attachment 2

Massachusetts Electric Company
Nantucket Electric Company
Estimated Standard Service Reconciliation
October 2002 - December 2004

Month	Over/(Under) Beginning Balance (a)	Standard Service Revenue (b)	Standard Service Adjustment (c)	Standard Service Expense (d)	Monthly Over/(Under) (e)	Over/(Under) Ending Balance (f)	Balance Subject to Interest (g)	Interest Rate (h)	Interest (i)	Cumulative Interest (j)
Section 1: October 2002 - September 2003 Period										
Oct-02	\$0	\$15,300,347		\$43,527,778	(\$28,227,431)	(\$28,227,431)	(\$14,113,716)	3.83%	(\$44,274)	(\$44,274)
Nov-02	(\$28,271,706)	\$43,898,047	\$339,915	\$46,066,642	(\$1,828,680)	(\$30,100,386)	(\$29,186,046)	3.83%	(\$91,556)	(\$135,830)
Dec-02	(\$30,191,942)	\$50,204,336		\$54,962,313	(\$4,757,977)	(\$34,949,919)	(\$32,570,930)	3.83%	(\$102,174)	(\$238,004)
Jan-03	(\$35,052,093)	\$28,151,616			\$28,151,616	(\$6,900,477)	(\$20,976,285)	2.64%	(\$45,599)	(\$283,603)
		\$137,554,346		\$144,556,733	(\$7,002,387)					
Estimated Cumulative Over/(Under) Collection of Standard Service through December 31, 2002						(\$6,946,075)				
Jan-03	(\$6,900,477)	\$28,151,616		\$58,976,744	(\$30,825,128)	(\$37,725,605)	(\$36,388,849)	2.64%	(\$79,103)	(\$317,107)
Feb-03	(\$37,804,708)	\$54,941,588		\$55,182,064	(\$240,476)	(\$38,045,184)	(\$37,924,946)	2.64%	(\$82,442)	(\$399,549)
Mar-03	(\$38,127,626)	\$50,730,414		\$59,709,649	(\$8,979,235)	(\$47,106,861)	(\$42,617,243)	2.64%	(\$92,642)	(\$492,191)
Apr-03	(\$47,199,503)	\$23,139,900			\$23,139,900	(\$24,059,603)	(\$35,629,553)	2.64%	(\$77,452)	(\$569,644)
		\$156,963,518		\$173,868,457	(\$16,904,939)					
Estimated Cumulative Over/(Under) Collection of Standard Service through March 31, 2003						(\$24,137,055)				
Apr-03	(\$24,059,603)	\$23,139,900		\$56,021,007	(\$32,881,107)	(\$56,940,710)	(\$52,070,107)	2.64%	(\$113,191)	(\$605,383)
May-03	(\$57,053,901)	\$46,217,400		\$54,761,431	(\$8,544,031)	(\$65,597,932)	(\$61,325,917)	2.64%	(\$133,312)	(\$738,694)
Jun-03	(\$65,731,244)	\$52,788,496		\$59,435,697	(\$6,647,201)	(\$72,378,445)	(\$69,054,845)	2.64%	(\$150,113)	(\$888,807)
Jul-03	(\$72,528,558)	\$31,079,610			\$31,079,610	(\$41,448,948)	(\$56,988,753)	2.64%	(\$123,883)	(\$1,012,690)
		\$153,225,406		\$170,218,136	(\$16,992,730)					
Estimated Cumulative Over/(Under) Collection of Standard Service through June 30, 2003						(\$41,572,831)				
Jul-03	(\$41,448,948)	\$31,079,610		\$74,003,668	(\$42,924,058)	(\$84,373,007)	(\$78,450,782)	2.64%	(\$170,538)	(\$1,059,345)
Aug-03	(\$84,543,545)	\$65,298,250		\$76,815,457	(\$11,517,207)	(\$96,060,751)	(\$90,302,148)	2.64%	(\$196,301)	(\$1,255,645)
Sep-03	(\$96,257,052)	\$63,909,057		\$60,692,381	\$3,216,676	(\$93,040,376)	(\$94,648,714)	2.64%	(\$205,749)	(\$1,461,395)
Oct-03	(\$93,246,125)	\$35,896,364			\$35,896,364	(\$57,349,761)	(\$75,297,943)	2.64%	(\$163,684)	(\$1,625,079)
		\$196,183,281		\$211,511,506	(\$15,328,225)					
Cumulative Over/(Under) Collection of Standard Service through September 30, 2003						(\$57,513,445)				

- (a) Prior Month Column (f) + Prior Month Column (i)
- (b) Page 3
- (c) Nov-02: Adjustment to general ledger to reflect a correction to a customer account who had been billed on Default Service instead of Standard Offer
- (d) Page 4
- (e) Column (b) + Column (c) - Column (d)
- (f) Column (a) + Column (e)
- (g) [Column (a) + Column (f)] ÷ 2
- (h) Interest Rate on Customer Deposits
- (i) Column (g) x [(1 + Column (h)) ^ (1 ÷ 12) - 1]
- (j) Column (i) + Prior Month Column (i)

Massachusetts Electric Company
Nantucket Electric Company
Estimated Standard Service Reconciliation
October 2002 - December 2004

Month	Over/(Under) Beginning Balance (a)	Standard Service Revenue (b)	Standard Service Adjustment (c)	Standard Service Expense (d)	Monthly Over/(Under) (e)	Over/(Under) Ending Balance (f)	Balance Subject to Interest (g)	Interest Rate (h)	Interest (i)	Cumulative Interest (j)
Section 2: October 2003 - September 2004 Period										
Oct-03	(\$57,349,761)	\$22,568,417		\$59,353,674	(\$36,785,257)	(\$94,135,018)	(\$93,690,572)	2.64%	(\$202,700)	(\$1,664,095)
Nov-03	(\$94,337,719)	\$55,707,146		\$61,240,864	(\$5,533,718)	(\$99,871,437)	(\$97,104,578)	2.64%	(\$211,088)	(\$1,875,183)
Dec-03	(\$100,082,525)	\$64,015,848		\$66,566,447	(\$2,550,599)	(\$102,633,123)	(\$101,357,824)	2.64%	(\$220,334)	(\$2,095,517)
Jan-04	(\$102,853,457)	\$36,896,564			\$36,896,564	(\$65,956,893)	(\$84,405,175)	2.64%	(\$183,482)	(\$2,278,998)
		\$179,187,975		\$187,160,985	(\$7,973,010)					
Estimated Cumulative Over/(Under) Collection of Standard Service through December 31, 2003						(\$66,140,375)				
Jan-04	(\$65,956,893)	\$36,896,564		\$72,491,501	(\$35,594,937)	(\$101,551,830)	(\$102,202,643)	2.64%	(\$222,170)	(\$2,317,687)
Feb-04	(\$101,774,000)	\$71,805,729		\$67,350,860	\$4,454,869	(\$97,319,131)	(\$99,546,566)	2.64%	(\$216,396)	(\$2,534,083)
Mar-04	(\$97,535,528)	\$69,323,969		\$63,820,449	\$5,503,520	(\$92,032,008)	(\$94,783,768)	2.64%	(\$206,043)	(\$2,740,126)
Apr-04	(\$92,238,051)	\$32,195,134			\$32,195,134	(\$60,042,917)	(\$76,140,484)	2.64%	(\$165,516)	(\$2,905,642)
		\$210,221,395		\$203,662,809	\$6,558,586					
Estimated Cumulative Over/(Under) Collection of Standard Service through March 31, 2004						(\$60,208,433)				
Apr-04	(\$60,042,917)	\$32,195,134		\$59,789,610	(\$27,594,476)	(\$87,637,393)	(\$89,937,722)	2.64%	(\$195,508)	(\$2,935,635)
May-04	(\$87,832,902)	\$61,037,373		\$56,801,907	\$4,235,466	(\$83,597,436)	(\$85,715,169)	2.64%	(\$186,329)	(\$3,121,964)
Jun-04	(\$83,783,765)	\$64,070,386		\$59,304,197	\$4,766,189	(\$79,017,577)	(\$81,400,671)	2.64%	(\$176,950)	(\$3,298,915)
Jul-04	(\$79,194,527)	\$35,040,378			\$35,040,378	(\$44,154,149)	(\$61,674,338)	2.64%	(\$134,069)	(\$3,432,983)
		\$192,343,270		\$175,895,714	\$16,447,556					
Estimated Cumulative Over/(Under) Collection of Standard Service through June 30, 2004						(\$44,288,218)				
Jul-04	(\$44,154,149)	\$35,040,378		\$64,424,429	(\$29,384,051)	(\$73,538,200)	(\$76,366,364)	2.64%	(\$166,007)	(\$3,464,921)
Aug-04	(\$73,704,207)	\$72,839,323		\$66,532,007	\$6,307,316	(\$67,396,891)	(\$70,550,549)	2.64%	(\$153,364)	(\$3,618,286)
Sep-04	(\$67,550,256)	\$71,159,267		\$64,641,739	\$6,517,528	(\$61,032,728)	(\$64,291,492)	2.64%	(\$139,758)	(\$3,758,044)
Oct-04	(\$61,172,486)	\$32,256,932			\$32,256,932	(\$28,915,554)	(\$45,044,020)	2.64%	(\$97,918)	(\$3,855,961)
		\$211,295,900		\$195,598,175	\$15,697,724					
Cumulative Over/(Under) Collection of Standard Service through September 30, 2004						(\$29,013,472)				
Oct-04	(\$28,915,554)	\$32,256,932		\$58,424,787	(\$26,167,855)	(\$55,083,409)	(\$58,127,948)	2.64%	(\$126,360)	(\$3,884,403)
Nov-04	(\$55,209,769)	\$66,642,785		\$60,401,760	\$6,241,025	(\$48,968,744)	(\$52,089,256)	2.64%	(\$113,233)	(\$3,997,636)
Dec-04	(\$49,081,976)	\$72,113,383		\$65,222,219	\$6,891,164	(\$42,190,812)	(\$45,636,394)	2.64%	(\$99,205)	(\$4,096,841)
Jan-05	(\$42,290,017)	\$39,340,450			\$39,340,450	(\$2,949,567)	(\$22,619,792)	2.64%	(\$49,171)	(\$4,146,013)
		\$210,353,551		\$184,048,766	\$26,304,785					
Cumulative Over/(Under) Collection of Standard Service through December 31, 2004						(\$2,998,738)				

- (a) Prior Month Column (f) + Prior Month Column (i)
- (b) Page 3
- (c)
- (d) Page 4
- (e) Column (b) + Column (c) - Column (d)
- (f) Column (a) + Column (e)
- (g) [Column (a) + Column (f)] ÷ 2
- (h) Interest Rate on Customer Deposits
- (i) Column (g) x [(1 + Column (h)) ^ (1 ÷ 12) - 1]
- (j) Column (i) + Prior Month Column (i)

Massachusetts Electric Company
Nantucket Electric Company
Estimated Standard Service Revenue

	Total Company Forecasted kWh Deliveries (a)	Percentage of Load Served by Standard Service (b)	Estimated Standard Service kWhs (c)	Base Standard Service Rate (d)	Estimated SOSFA (e)	Estimated SOAF (f)	Estimated Standard Service Revenue (g)
Section 1: October 2002 - September 2003 Period							
Oct-02 (actual based on revenue prorate)							\$15,300,347
Nov-02 (actual)							\$43,898,047
Dec-02 (actual)							\$50,204,336
Jan-03 (actual)							\$56,303,232
Feb-03 (actual)							\$54,941,588
Mar-03 (actual)							\$50,730,414
Apr-03 (actual)							\$46,279,800
May-03 (actual)							\$46,217,400
Jun-03 (actual)							\$52,788,496
Jul-03 (actual)							\$62,159,220
Aug-03 (actual)							\$65,298,250
Sep-03 (actual)							\$63,909,057
Oct-03 (actual based on revenue prorate)							<u>\$35,896,364</u>
Total							\$643,926,551
Section 2: October 2003 - September 2004 Period							
Oct-03 (actual based on revenue prorate)							\$22,568,417
Nov-03 (actual)				\$0.04700	\$0.01424		\$55,707,146
Dec-03	1,891,344,036	55.27%	1,045,327,368	\$0.04700	\$0.01424		\$64,015,848
Jan-04	2,065,855,670	55.27%	1,141,778,243	\$0.05100	\$0.01223	\$0.00479	\$73,793,128
Feb-04	1,910,032,155	55.27%	1,055,656,109	\$0.05100	\$0.01223	\$0.00479	\$71,805,729
Mar-04	1,844,017,346	55.27%	1,019,170,369	\$0.05100	\$0.01223	\$0.00479	\$69,323,969
Apr-04	1,712,780,906	55.27%	946,637,271	\$0.05100	\$0.01223	\$0.00479	\$64,390,267
May-04	1,623,593,939	55.27%	897,344,506	\$0.05100	\$0.01223	\$0.00479	\$61,037,373
Jun-04	1,704,272,054	55.27%	941,934,512	\$0.05100	\$0.01223	\$0.00479	\$64,070,386
Jul-04	1,864,147,878	55.27%	1,030,296,318	\$0.05100	\$0.01223	\$0.00479	\$70,080,756
Aug-04	1,937,525,769	55.27%	1,070,851,561	\$0.05100	\$0.01223	\$0.00479	\$72,839,323
Sep-04	1,892,836,275	55.27%	1,046,152,114	\$0.05100	\$0.01223	\$0.00479	\$71,159,267
Oct-04	858,034,292	55.27%	474,227,169	\$0.05100	\$0.01223	\$0.00479	<u>\$32,256,932</u>
Total							\$793,048,539
Oct-04	858,034,292	55.27%	474,227,169	\$0.05100	\$0.01223	\$0.00479	\$32,256,932
Nov-04	1,772,697,880	55.27%	979,752,797	\$0.05100	\$0.01223	\$0.00479	\$66,642,785
Dec-04	1,918,215,763	55.27%	1,060,179,109	\$0.05100	\$0.01223	\$0.00479	\$72,113,383
Jan-05	1,046,455,859	55.27%	578,365,928	\$0.05100	\$0.01223	\$0.00479	\$39,340,450

- (a) Per Company forecast
- (b) Percentage of kWh deliveries attributable to standard offer per November 2003 DOER Form 110, Mass. Electric and Nantucket Electric.
- (c) Column (a) x Column (b)
- (d) Page 5
- (e) Hypothetical SOSFA per DTE formula
- (f) The Company did not proposed a Standard Offer Adjustment Factor for 2004
- (g) Column (c) x Column (d) + Column (c) x Column (e), using a 50% prorate to capture rate changes

Massachusetts Electric Company
 Nantucket Electric Company
 Estimated Standard Service Expense

	Total Company Forecasted kWh Deliveries (a)	Percentage of Load Served by Standard Service (b)	Estimated Standard Service kWhs (c)	Base Standard Service Cost (d)	Estimated Fuel Index Cost (e)	Estimated Standard Service Expense (f)
Section 1: October 2002 - September 2003 Period						
Oct-02 (actual)						\$43,527,778
Nov-02 (actual)						\$46,066,642
Dec-02 (actual)						\$54,962,313
Jan-03 (actual)						\$58,976,744
Feb-03 (actual)						\$55,182,064
Mar-03 (actual)						\$59,709,649
Apr-03 (actual)						\$56,021,007
May-03 (actual)						\$54,761,431
Jun-03 (actual)						\$59,435,697
Jul-03 (actual)						\$74,003,668
Aug-03 (actual)						\$76,815,457
Sep-03 (actual)						\$60,692,381
Total						\$700,154,832

Section 2: October 2003 - September 2004 Period

Oct-03 (actual)						\$59,353,674
Nov-03	1,747,437,972	55.27%	965,791,893	\$0.04700	\$0.01641	\$61,240,864
Dec-03	1,891,344,036	55.27%	1,045,327,368	\$0.04700	\$0.01668	\$66,566,447
Jan-04	2,065,855,670	55.27%	1,141,778,243	\$0.05100	\$0.01249	\$72,491,501
Feb-04	1,910,032,155	55.27%	1,055,656,109	\$0.05100	\$0.01280	\$67,350,860
Mar-04	1,844,017,346	55.27%	1,019,170,369	\$0.05100	\$0.01162	\$63,820,449
Apr-04	1,712,780,906	55.27%	946,637,271	\$0.05100	\$0.01216	\$59,789,610
May-04	1,623,593,939	55.27%	897,344,506	\$0.05100	\$0.01230	\$56,801,907
Jun-04	1,704,272,054	55.27%	941,934,512	\$0.05100	\$0.01196	\$59,304,197
Jul-04	1,864,147,878	55.27%	1,030,296,318	\$0.05100	\$0.01153	\$64,424,429
Aug-04	1,937,525,769	55.27%	1,070,851,561	\$0.05100	\$0.01113	\$66,532,007
Sep-04	1,892,836,275	55.27%	1,046,152,114	\$0.05100	\$0.01079	\$64,641,739
Total						\$762,317,683
Oct-04	1,716,068,583	55.27%	948,454,338	\$0.05100	\$0.01060	\$58,424,787
Nov-04	1,772,697,880	55.27%	979,752,797	\$0.05100	\$0.01065	\$60,401,760
Dec-04	1,918,215,763	55.27%	1,060,179,109	\$0.05100	\$0.01052	\$65,222,219

- (a) Per Company forecast
- (b) Percentage of kWh deliveries attributable to standard offer per November 2003 DOER Form 110, Mass. Electric and Nantucket Electric.
- (c) Column (a) x Column (b)
- (d) Fixed standard offer price
- (e) Page 6
- (f) Column (c) x [Column (d) + Column (e)]

19-Dec-03

Massachusetts Electric Company

Nantucket Electric Company

Docket No. D.T.E. 03-123

Attachment 2

Page 5 of 6

Massachusetts Electric Company
Nantucket Electric Company
Estimated Weighted Average Fuel Index Payment Per kWh

	<u>Estimated Fuel Index Payments</u>		<u>Percentage of kWh Deliveries</u>		Estimated Weighted Avg. Fuel <u>Index</u> (e)
	<u>Former NEES Contracts</u> (a)	<u>Former EUA Contracts</u> (b)	<u>Former Mass. Electric</u> (c)	<u>Former Eastern Edison</u> (d)	
<u>October 2003 - September 2004 Period</u>					
Nov-03	\$0.01683	\$0.01401	85.12%	14.88%	\$0.01641
Dec-03	\$0.01726	\$0.01339	85.12%	14.88%	\$0.01668
Jan-04	\$0.01327	\$0.00803	85.12%	14.88%	\$0.01249
Feb-04	\$0.01339	\$0.00943	85.12%	14.88%	\$0.01280
Mar-04	\$0.01162	\$0.01162	85.12%	14.88%	\$0.01162
Apr-04	\$0.01193	\$0.01351	85.12%	14.88%	\$0.01216
May-04	\$0.01193	\$0.01442	85.12%	14.88%	\$0.01230
Jun-04	\$0.01144	\$0.01497	85.12%	14.88%	\$0.01196
Jul-04	\$0.01095	\$0.01485	85.12%	14.88%	\$0.01153
Aug-04	\$0.01089	\$0.01254	85.12%	14.88%	\$0.01113
Sep-04	\$0.01089	\$0.01022	85.12%	14.88%	\$0.01079
Total					
Oct-04	\$0.01102	\$0.00822	85.12%	14.88%	\$0.01060
Nov-04	\$0.01120	\$0.00755	85.12%	14.88%	\$0.01065
Dec-04	\$0.01108	\$0.00736	85.12%	14.88%	\$0.01052

- (a) Per Company forecast, based on trading days of December 11, 12, 15, 2003
(b) Per Company forecast, based on trading days of December 11, 12, 15, 2003
(c) Percentage of kWh deliveries attributable to pre-merger Mass. Electric standard offer per November 2003 revenue reports
(d) Percentage of kWh deliveries attributable to pre-merger Eastern Edison standard offer per November 2003 revenue reports
(e) Column (a) x Column (c) + Column (b) x Column (d)

Massachusetts Electric Company
 Nantucket Electric Company
 Actual and Estimated Standard Service Costs
 October 2002 - September 2004

	Base Charges	Fuel Index Payments			Supplier Reallocations	Total
		Former Eastern Edison	Pre-Merger Mass. Electric	Total		
Actual per Invoices (a)						
October 2002	\$42,801,869	\$901,142	\$1,300,688	\$2,201,829	(\$1,475,920)	\$43,527,778
November 2002	\$43,363,310	\$1,039,803	\$2,360,656	\$3,400,459	(\$697,127)	\$46,066,642
December 2002	<u>\$49,171,245</u>	<u>\$1,334,149</u>	<u>\$4,360,112</u>	<u>\$5,694,261</u>	<u>\$96,808</u>	<u>\$54,962,313</u>
2002 Total	\$135,336,424	\$3,275,093	\$8,021,455	\$11,296,549	(\$2,076,239)	\$144,556,733
Actual per Invoices (a)						
January 2003	\$56,199,227	\$623,113	\$1,059,747	\$1,682,859	\$1,094,658	\$58,976,744
February 2003	\$49,372,195	\$4,023,940	\$1,011,298	\$5,035,238	\$774,630	\$55,182,064
March 2003	\$49,487,707	\$1,643,750	\$8,179,924	\$9,823,674	\$398,268	\$59,709,649
April 2003	\$44,728,593	\$2,438,210	\$8,192,605	\$10,630,815	\$661,599	\$56,021,007
May 2003	\$42,913,034	\$2,545,055	\$8,734,319	\$11,279,374	\$569,023	\$54,761,431
June 2003	\$45,329,014	\$3,027,925	\$10,746,300	\$13,774,226	\$332,458	\$59,435,697
July 2003	\$55,745,963	\$4,021,689	\$14,236,017	\$18,257,706		\$74,003,668
August 2003	\$57,000,155	\$4,183,406	\$15,631,895	\$19,815,301		\$76,815,457
September 2003	\$44,868,806	\$2,868,078	\$12,955,497	\$15,823,576		\$60,692,381
October 2003	\$44,240,927	\$1,981,104	\$13,131,642	\$15,112,747		\$59,353,674
Estimate per Page 4 (b)						
November 2003	\$45,392,219			\$15,848,645		\$61,240,864
December 2003	<u>\$49,130,386</u>			<u>\$17,436,061</u>		<u>\$66,566,447</u>
2003 Total	\$584,408,227	\$27,356,272	\$93,879,244	\$154,520,221	\$3,830,636	\$742,759,084
January 2004	\$58,230,690			\$14,260,810		\$72,491,501
February 2004	\$53,838,462			\$13,512,398		\$67,350,860
March 2004	\$51,977,689			\$11,842,760		\$63,820,449
April 2004	\$48,278,501			\$11,511,109		\$59,789,610
May 2004	\$45,764,570			\$11,037,337		\$56,801,907
June 2004	\$48,038,660			\$11,265,537		\$59,304,197
July 2004	\$52,545,112			\$11,879,317		\$64,424,429
August 2004	\$54,613,430			\$11,918,578		\$66,532,007
September 2004	\$53,353,758			\$11,287,981		\$64,641,739
October 2004	\$48,371,171			\$10,053,616		\$58,424,787
November 2004	\$49,967,393			\$10,434,367		\$60,401,760
December 2004	<u>\$54,069,135</u>			<u>\$11,153,084</u>		<u>\$65,222,219</u>
2004 Total	\$619,048,570	\$0	\$0	\$140,156,895		\$759,205,464

(a) Per invoices received from standard offer suppliers for service supplied in applicable month.

(b) Per Page 4 of analysis:

Base Charges = Column (c) x Column (d)

Fuel Index Payments = Column (c) x Column (e)